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ONE HUNDRED
AND SIXTH
ANNUAL REPORT

JUN 16 1939



YEAR ENDED
DECEMBER 31, 1938

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1938
ONE HUNDRED
AND SIXTH
ANNUAL REPORT



YEAR ENDED
DECEMBER 31, 1938



DIRECTORS

| | |
|---|------------------------------------|
| PHILIP R. ALLEN, E. Walpole, Mass. | JAMES GARFIELD, Cambridge, Mass. |
| ROGER AMORY, Boston, Mass. | ALDUS C. HIGGINS, Worcester, Mass. |
| LOUIS M. ATHERTON, Swampscott, Mass. | ERNEST M. HOPKINS, Hanover, N. H. |
| HUGH J. CHISHOLM, Portland, Maine | LOUIS K. LIGGETT, Newton, Mass. |
| WILLIAM DEXTER, Lancaster, Mass. | JOHN R. McLANE, Manchester, N. H. |
| FAIRMAN R. DICK, New York, N. Y. | ARTHUR B. NICHOLS, Melrose, Mass. |
| HARRY H. DUDLEY, Concord, N. H. | ROY L. PATRICK, Burlington, Vt. |
| FREDERIC C. DUMAINE, Jr., Weston, Mass. | W. RODMAN PEABODY, Milton, Mass. |
| REGINALD FOSTER, Manchester, Mass. | WILLIAM B. SKELTON, Lewiston, Me. |
| EDWARD S. FRENCH, Springfield, Vt. | J. DUNCAN UPHAM, Claremont, N. H. |
| WILLIAM D. WOOLSON, Springfield, Vt. | |

OFFICERS

| | |
|---|-------------------|
| President and Chairman of Executive Committee | EDWARD S. FRENCH |
| Vice-President and Clerk of Corporation | ARTHUR B. NICHOLS |
| Vice-President — Finance and Accounting | W. S. TROWBRIDGE |
| Vice-President and General Manager | J. W. SMITH |
| Vice-President — Purchases and Stores | A. W. MUNSTER |
| Vice-President — Traffic | J. W. RIMMER |
| Treasurer | E. J. GALLAGHER |
| General Counsel | A. P. MACKINNON |
| Chief Engineer | W. F. CUMMINGS |

Transfer Agent in Boston for all classes of stock, Old Colony Trust Company, 17 Court Street, Boston, Massachusetts.

Transfer Agent in New York for common stock, Guaranty Trust Company, 140 Broadway, New York City.

BOSTON AND MAINE RAILROAD

The Annual Meeting of Stockholders of BOSTON AND MAINE RAILROAD will be held on Wednesday, April 12, 1939, at ten o'clock in the forenoon in the Directors Room, Boston and Maine Railroad General Offices, 150 Causeway Street, Boston, Massachusetts, for the following purposes:

- I. To hear and act upon the Report of the Directors.
- II. To fix the number of Directors and to elect Directors for the ensuing year.
- III. To take or authorize appropriate action concerning the making and performance of Equipment Trust Agreements for the purpose of obtaining additional rolling stock and/or other equipment and the issuance or assumption of obligations in connection therewith.
- IV. To take or authorize appropriate action concerning the borrowing of money which may be payable at periods of more or less than one year from the date of borrowing, the issuance of obligations to evidence such borrowings and the giving of collateral for such borrowings.
- V. To take or authorize appropriate action concerning (1) the issue of bonds under the mortgage from this corporation to Old Colony Trust Company et al, dated December 1, 1919, for any one or more of the purposes for which bonds may be issued under the provisions of said mortgage, (2) the issue of notes, debentures or bonds under and the execution of a collateral trust agreement to secure the same, and (3) the covenants, agreements and form relating to such obligations and to such collateral trust agreement, the issue of such obligations, the giving of additional security for such mortgage bonds and the giving of any security for the collateral trust obligations, and the terms, manner of sale, pledging or other disposition of any obligations authorized to be issued.
- VI. To take or authorize appropriate action concerning applications to the Interstate Commerce Commission, Reconstruction Finance Corporation and other governmental agencies in relation to the subject matter in any of the articles in this call or any orders, decrees or other action thereon.
- VII. To take or authorize appropriate action concerning a modification of the Agreement dated October 6, 1932, for the maintenance and operation of the Concord & Portsmouth Railroad made necessary by a proposed relocation of the last named railroad in Portsmouth, New Hampshire.
- VIII. To take or authorize action incidental to any of the foregoing articles or on any other matter that may properly come before the meeting.

By order of the Directors,

ARTHUR B. NICHOLS, *Clerk.*

Boston, Massachusetts
February 28, 1939.

The Board of Directors earnestly hopes you will find it convenient to be present at the above meeting or if that is not possible, that you will arrange for a representative to vote your stock.

To the Stockholders of Boston and Maine Railroad:

On behalf of the Board of Directors there is submitted herewith the report for the year ended December 31, 1938.

INCOME ACCOUNT — CONDENSED

| | 1938 | Increase or Decrease | Per Cent |
|---|-----------------|-------------------------|-------------|
| Operating Revenue..... | \$40,193,026 27 | D \$6,179,666 74 | 13.33 |
| Operating Expenses..... | 32,754,834 02 | D 1,859,270 10 | 5.37 |
| Net Revenue from Operation..... | \$ 7,438,192 25 | D \$4,320,396 64 | 36.74 |
| Railway Tax Accruals..... | 3,708,285 22 | 854,164 65 | 29.93 |
| Railway Operating Income..... | \$ 3,729,907 03 | D \$5,174,561 29 | 58.11 |
| Equipment and Jt. Fac. Rents—Net Dr..... | 2,475,740 31 | 120,141 57 | 5.10 |
| Net Railway Operating Income..... | \$ 1,254,166 72 | D \$5,294,702 86 | 80.85 |
| Other Income..... | 1,177,254 81 | D 22,950 26 | 1.91 |
| Total Income..... | \$ 2,431,421 53 | D \$5,317,653 12 | 68.62 |
| Deductions: | | | |
| Rentals Payment..... | \$ 1,253,868 08 | \$ 3,463 94 | .28 |
| Interest on Debt..... | 6,070,530 35 | D 49,849 81 | .81 |
| Other Deductions..... | 206,649 61 | 30,580 12 | 17.37 |
| Net Income (Deficit) | \$ 5,099,626 51 | D \$5,301,847 37 | — |
| Income Applied to Sinking and Other Reserve Funds | \$ 53,650 85 | \$ 23,241 26 | 76.43 |
| Balance (Deficit) | \$ 5,153,277 36 | D \$5,325,088 63 | — |

D Indicates decrease.

CAPITAL STOCK

The number of shares of Capital Stock of all classes outstanding December 31, 1938, including full-paid negotiable receipts for subscriptions to Prior Preference Stock, was 1,046,113 shares, of a par value of \$104,611,300.

Beginning January 1, 1934, and until January 1, 1940, holders of this Company's bonds of Series Q to GG, inclusive, have the right to exchange such bonds without limit for Prior Preference stock, dollar for dollar, in amounts of \$500 and multiples thereof.

CHANGES IN FUNDED DEBT

Funded Debt on December 31, 1938, amounted to \$149,316,916.49, a decrease of \$2,077,641.93 since December 31, 1937. Of the total Funded Debt, \$33,169,000.00 is owned by the Railroad, leaving a balance of \$116,147,916.49 outstanding in the hands of the public.

| | |
|--|--------------|
| New Issues: | |
| Contract—General Motors Accept. Corporation..... | \$202,500 00 |
| Contract—A. C. F. Motors..... | 63,984 00 |
| Contract—Yellow Mfg. Co..... | 19,615 15 |
| Contract—New York State E. G. C. Valley Falls..... | 43,175 30 |
| Contract—New York State E. G. C. Hoosic Falls..... | 28,349 89 |
| Total Increase..... | \$357,624 34 |

Matured Funded Debt Paid Off:

| | |
|--|-----------------------|
| B. & M. R.R. Series N. N. 3% Bonds paid Jan. 1..... | \$200,000 00 |
| Equipment Trust No. 3, 6% Trust Certificate paid June 1..... | 141,000 00 |
| Equipment Trust No. 4, 4½% Trust Certificate paid Apr. 1..... | 125,000 00 |
| Equipment Trust No. 5, 5% Trust Certificate paid May 1..... | 114,000 00 |
| Equipment Trust No. 6, 4% Trust Certificate paid June-Dec. 1.. | 176,000 00 |
| Equipment Trust No. 7, 3½% Trust Certificate paid Dec. 1..... | 300,000 00 |
| Collateral Notes Series A 4% paid Mar. and Sept. 15..... | 102,000 00 |
| Collateral Notes Series B 4% paid Mar. and Sept. 15..... | 248,000 00 |
| Collateral Notes Series C 4% paid June and Dec. 1..... | 172,000 00 |
| Collateral Notes Series D 4% paid Apr. 15..... | 200,000 00 |
| Contract—Electro Motive Corp..... | 1,721 54 |
| Contract—General Motors Acceptance Corp..... | 39,000 00 |
| Contract—A. C. F. Motors..... | 6,665 00 |
| Contract—Yellow Mfg. Co..... | 1,951 15 |
| Contract—Bethlehem Steel Corporation..... | 270,000 00 |
| Contract—Lima Loco. Works..... | 84,166 68 |
| Contract—Baldwin Loco. Works..... | 105,416 64 |
| Contract—Pullman Standard Car Mfg. Co..... | 135,160 82 |
| Contract—General Motors Acceptance Corp..... | 10,546 95 |
| Contract—New York State E. G. C. Hoosick, N. Y..... | 1,096 61 |
| Contract—New York State E. G. C. Glenville, N. Y..... | 224 12 |
| Contract—New York State E. G. C. Melrose, N. Y..... | 130 32 |
| Contract—New York State E. G. C. Pittstown, N. Y..... | 1,108 52 |
| Contract—New York State E. G. C. Halfmoon, N. Y..... | 22 40 |
| Contract—New York State E. G. C. Rotterdam, N. Y..... | 55 52 |
| <i>Total Decrease.....</i> | <i>\$2,435,266 27</i> |
| <i>Net Decrease as above.....</i> | <i>\$2,077,641 93</i> |

FEDERAL VALUATION

By an order of the Interstate Commerce Commission dated July 12, 1930, received February 13, 1931, the final value for rate-making purposes of the Boston and Maine System (excluding the St. Johnsbury & Lake Champlain Railroad and the Montpelier & Wells River Railroad) is fixed at \$230,897,118 as of June 30, 1914. This value brought up to date by adding the net Additions and Betterments since June 30, 1914, makes the value December 31, 1938, \$299,598,069. This does not include value of non-carrier property.

PASSENGER REVENUES

Passenger revenues decreased \$462,114.91 or 6.16% below 1937 but were larger than for any other year since 1932. Several circumstances affected the results. In the early part of the year, unusually light snowfall curtailed the operation of special winter sports service. The failure of the general business revival, which was felt in increasing degree as the year went on, materially affected passenger travel. A decision of the Interstate Commerce Commission in Ex Parte 123 authorized a maximum one-way coach fare of 2½¢ per mile instead of 2¢ on railroads in the eastern territory, the increase becoming effective on July 25th. At the same time, this company established a consecutive three day round trip fare of 2¢ per mile to meet the short haul competition in our territory but it is impossible to measure accurately the effect of these changes in rates. In the latter part of September the disastrous flood and hurricane (the effects of which are referred to elsewhere in this report) caused a disruption of service which was not wholly overcome for many weeks.

Milk revenues decreased \$137,662.52 or 11.24% below 1937. To a considerable degree, loss of revenue occurred because of decreased consumption which inevitably occurs along with depressed economic and employment conditions, and

the substitution of milk distributed free as "welfare" milk for milk ordinarily sold by our patrons to consumers displaced some milk traffic from the rails.

Present indications are for a stabilization of marketing conditions which had threatened to become disorganized. Close attention is being devoted to the requirements of this class of traffic.

FREIGHT REVENUES

The recession in business, beginning in the late summer of 1937 and continuing throughout the first eight months of 1938, was reflected in our revenues in each of those months. Commencing with October, there was an improvement in general business conditions, and this resulted in a somewhat more favorable showing in the latter months of the year.

On March 8, 1938, the Interstate Commerce Commission handed down its decision on the application of the railroads throughout the country for a 15% increase in freight rates (Ex Parte 123). The increase sought was not granted in full, but authority was given by the Commission for a general increase of ten per cent with certain exceptions. An increase of five per cent was allowed on such commodities as agricultural products, animals and products of animals, lumber, etc., with a similar increase in import rates. An increase of 10¢ per net ton was authorized on anthracite coal, with no increase on bituminous coal rates beyond those allowed under Ex Parte 115 in November, 1937. At the time these higher rates became effective, it was estimated that an increase in our revenue of about \$2,000,000 a year might be expected.

Tariffs were filed with the Commission by the Boston and Maine and various other Eastern carriers, effective as of August 15th, setting up a small charge, over and above the regular station-to-station freight rate, for pick-up and delivery service when this service is requested by shippers or receivers. Previous to that date, or since its inauguration in 1932, no such charge had been assessed.

INDUSTRIAL DEVELOPMENT

While business conditions during most of the year were not favorable to industrial development, progress has been made in securing new industries in Boston and Maine territory. A number of buildings which had been vacant for several years have been purchased or rented on long term leases for manufacturing or warehousing purposes, producing in the aggregate a substantial amount of new business for the Railroad.

During the last quarter of the year there was a noticeable revival of interest in industrial development or expansion and several important projects are under consideration which, it is hoped, will be consummated in 1939.

TAXES

Reference was made in the 1937 Report to the Railroad Retirement Act of 1937 and the Carriers' Taxing Act of 1937 which became law in June, 1937, effective January 1, 1937. There was no change during 1938 in the law and taxes were assessed against employer and employee at the rate of 2¾% on the first \$300 of each employee's monthly earnings. Taxes against the Railroad under this act were \$587,581.79. Up to December 31, 1938, the Railroad Retirement Board, created to administer the act, had granted annuities to a total of 1,714 Boston and Maine employees, and in addition had taken over under the provisions of the Retirement Act 570 former employees who had been receiving pension allowances from the Railroad.

The Social Security Act, referred to in previous reports, during the year 1938 taxed the carriers at the rate of 3% of the total 1938 payroll, an increase of 1% over the previous year. The tax levied for this purpose was \$654,533.03.

On June 25, 1938, an Act of Congress established an unemployment insurance system for individuals employed by certain employers engaged in interstate commerce. This new law becomes effective July 1, 1939, and the provisions of the Social Security Act formerly administered by the individual states will be taken from their jurisdiction and administered by the Railroad Retirement Board, the rate of taxation remaining the same.

OPERATING RESULTS

The September floods and hurricane caused losses in revenue and increases in operating expenses which so distort the 1938 figures that comparisons of the year's operations with those of previous years generally have little value.

Between September 20th and October 23rd freight was detoured over various routes. The detour from Mechanicville via Rouses Point, Montreal and Portland to Boston was continued until October 1st when the Fitchburg Division west of Greenfield was opened up and the bulk of the traffic routed from Mechanicville via Greenfield to White River Junction and thence to Boston. Some of this traffic was detoured from Bellows Falls over the Cheshire Branch to South Ashburnham, as well as over the Boston & Albany Railroad from Springfield, until October 23rd when operation on the Fitchburg Division was resumed east of Greenfield.

The primary index of efficiency in freight train operation is gross ton miles per train hour and the year 1937 produced an all-time high for this factor — 26,675. In 1938, notwithstanding the substantial shrinkage of 13.1% in volume of freight traffic, the gross ton miles per train hour were only 4.3% less than in the record year.

The consumption of locomotive fuel per 1,000 gross ton miles was 0.4% less in 1938 than in 1937. This result was produced through close supervision of purchases and use of fuel and the benefits should be even more marked in a period of increasing traffic.

Another efficiency index that has not been stressed previously is the ever increasing average miles per serviceable locomotive day. During the year 1932 this figure for freight locomotives was 71.9 miles; this increased in 1938 to 90.8 miles or 26.3%. Roughly this means that 80 freight locomotives will now do the work for which 100 locomotives were required seven years ago.

In passenger service in 1932 the mileage per serviceable locomotive day was 108.3 and this has progressively increased to 117.7 miles in 1938 or about 9%.

FLOOD AND HURRICANE DAMAGE

On September 21st winds of hurricane velocity caused serious damage to railroad property. Fallen poles, wires, trees and parts of structures temporarily blocked practically all lines. Railroad power, signal and communication lines sustained extensive damage. Heavy building damage occurred to shops at Concord, N. H., dock properties at Boston, Mass., and engine houses at various points including those at Stoneham and Bedford, Mass., which were completely demolished. Many crossing gates and signals were blown down.

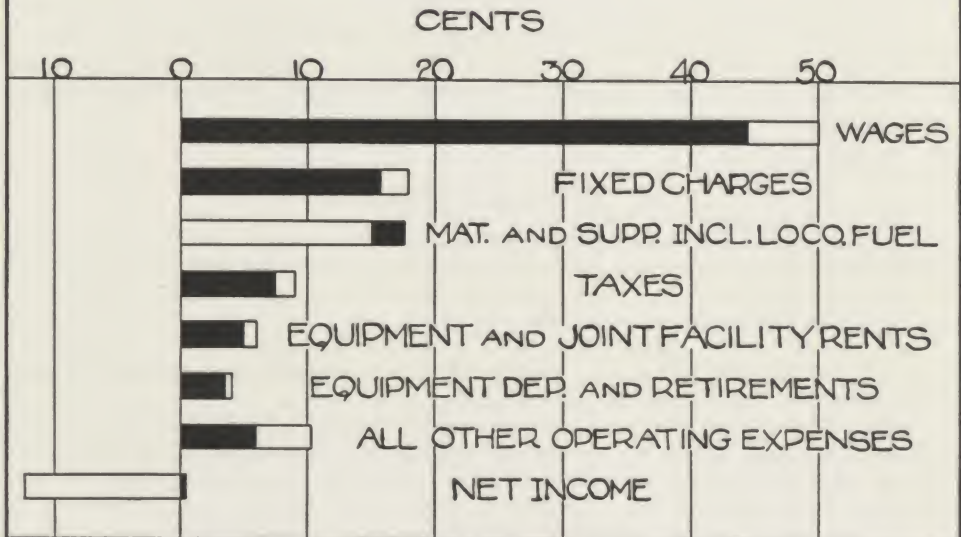
Extensive flood damage occurred on lines of the Fitchburg and New Hampshire Divisions, with lesser damage on the Portland and Terminal Divisions. Records show damage sustained at more than 300 separate locations. 27 bridges or culverts were destroyed or damaged. There were 206 major wash-

BOSTON AND MAINE RAILROAD

YEAR 1938

DISPOSITION OF THE RAILROAD DOLLAR

SHADED AREA YEAR 1937



outs, 22 landslides and 45 submerged locations. The main line of the Fitchburg Division between Gardner and North Adams, Mass., suffered severely. 5 major bridges were badly damaged, 3 of which required complete rebuilding. At the major washout near Millers Falls, Mass., the river changed its course and washed out the roadbed and track a distance of 1,400 feet to a depth of 30 feet. Several landslides, two of which were of major proportions, occurred near Zoar, Mass., one derailing a passing freight train.

A maximum of 977 miles of road were closed to operation including 593 miles of main lines. Restoration was progressed rapidly with the result that 672 miles of line were restored in 7 days and 816 miles in 15 days. Of the main line mileage affected, 71% was restored on the 4th day and 97% had been restored on the 15th day. The main line of the Fitchburg Division was reopened on October 23rd. Restoration of the branch lines continued progressively and all mileage scheduled for restoration, upon which authority to repair had been granted, was reopened by December 7th. About 25 miles of line is being studied for abandonment.

The work of restoration involved the employment of approximately 3,000 men, including 1,500 extra men and through December 31st had aggregated 1,407,000 man hours. 40 units of major work equipment were used and 1,645 work train days were operated. Materials used for filling and riprap through the end of the year totalled 16,884 cars, — 12,723 cars of gravel and cinders, containing 425,723 cubic yards and 4,161 cars of riprap and ballast stone totalling 182,413 tons.

Reconstruction and rebuilding of bridges and structures and placement of riprap to protect embankments is progressing through the winter months.

The total out-of-pocket cost of this disaster was \$2,252,746.42 of which \$1,751,609.40 was charged against 1938 income and \$501,137.02 is chargeable to Capital account.

ADDITIONS AND BETTERMENTS

On account of low revenues attendant upon the general business situation, addition and betterment work has been restricted to those expenditures necessary for safe operation, to furnish adequate service or to provide facilities which indicate substantial economies in operation.

One grade crossing at Willey, N. H., has been closed and Federal Works projects have eliminated grade crossings by the substitution of overhead bridges at Newbury, Vt., and at Bridgewater, N. H.

Other Federal projects installed automatic signals at 2 crossings and the Railroad installed signals at 3 other crossings and placed additional lights on existing flashing signals at 3 crossings. Hurricane damage resulted in the replacement of 8 old type crossing signals with modern signals.

A very considerable number of oil-burning switch heaters, for protection of switches against snow accumulation, and one hydrocarbon snow melting station were installed.

Other United States Works projects have included the rebuilding of a track bridge over a highway at Swampscott, Mass., and of overhead highway bridges at Danbury, N. H., and North Kennebunkport, Me. One bridge at Revere, Mass., was rebuilt at the expense of the municipality. One bridge at Clinton Jet., Mass., was rebuilt by the Railroad and 5 other bridges and 7 culverts at various points were reconstructed as a part of our maintenance program.

Electric approach block signal lighting was completed between Fitchburg and Hoosac Tunnel, Mass., and other less extensive signal changes were made at various points.

Among miscellaneous improvements to facilities for better handling of traffic were the installation of a crane at Rockport, Mass., to handle heavy ship-

ments, and the construction of a warm-room at Mystic Docks in Boston for the protection of perishable shipments moving by rail and water.

Automatic stokers have been provided in the power plants at Billerica, Mass., and Mechanicville, N. Y.

A new passenger station was constructed on the northeast side of the main line at Cambridge, Mass. The old station on the opposite side of the main line, together with the land on which it stood, was sold at a satisfactory price. The change in location of the station appears to have had a stimulating effect on the volume of travel handled at that point.

The construction of a joint railroad and highway toll bridge across the Piscataqua River at Portsmouth, N. H., is under way. The Legislatures of Maine and New Hampshire have set up The Maine-New Hampshire Interstate Bridge Authority with the approval of Congress to build and operate this structure with highway approaches. An agreement between the Railroad and the Authority provides for railroad use of the bridge on an annual rental basis.

From the standpoint of this company, the bridge is important as it replaces a railroad wooden structure of high maintenance cost which has been a deterrent to development of the Piscataqua River. The Railroad's interest in the matter is not limited to its actual use of the new bridge, but is also concerned with industrial development of this area where deep water, reasonably priced land and excellent rail facilities exist.

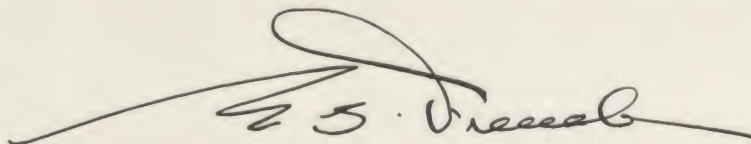
Your management has been active during the past year, in cooperation with the Association of American Railroads, in presenting to the people in its territory, through the medium of public addresses by its officers, exhibitions of moving pictures and Vocafilm slides and through well-considered publicity, the various problems — both national and local — which confront the railroad industry.

Through the medium of meetings and carefully prepared printed matter a series of discussions for the interchange of ideas has been and is being held with employees having contact with the general public, to the end that those using our facilities shall be courteously and efficiently served.

The Directors record, with deep regret, the death on April 13, 1938, of their fellow member, Frank P. Carpenter, of Manchester, N. H. Elected to the Board on October 8, 1913, he had served continuously for nearly a quarter of a century, and during that time his sound judgment, long experience, wide acquaintance and business connections were of great value to your company.

The Board makes grateful acknowledgment to shippers and passengers of the goodwill they have evidenced throughout the year, and expresses to the company's officers and employees its appreciation of their continued loyalty, diligence and efficiency.

By order of the Board of Directors,

A large, stylized handwritten signature in dark ink, likely belonging to the President of the company.

President.

February 28, 1939.

CONDENSED GENERAL BALANCE SHEET — Assets

| | Dec. 31, 1938 | Dec. 31, 1937 |
|--|-------------------------|-------------------------|
| ROAD AND EQUIPMENT | | |
| Investment in Road..... | \$183,815,285 86 | \$185,075,839 38 |
| Investment in Equipment..... | 54,835,732 71 | 56,896,383 77 |
| <i>Total</i> | \$238,651,018 57 | \$241,972,223 15 |
| Improvements on Leased Railway Property†..... | 16,277,361 83 | 16,242,929 58 |
| Deposits in Lieu of Mortgaged Property Sold..... | 644,253 53 | 635,498 58 |
| Miscellaneous Physical Property..... | 2,560,881 73 | 2,565,163 85 |
| Investments in Affiliated Companies..... | 5,014,498 93 | 5,063,982 34 |
| Other Investments..... | 2,553,986 66 | 2,887,450 72 |
| <i>Total Investments</i> | \$265,702,001 25 | \$269,367,248 22 |
| CURRENT ASSETS | | |
| Cash..... | \$2,471,305 00 | \$1,453,399 46 |
| Cash in Transit—Agents' Remittances..... | 293,531 74 | 243,511 99 |
| Time Drafts and Deposits..... | 53,000 00 | 53,000 00 |
| Special Deposits..... | 829,712 90 | 320,315 87 |
| Loans and Bills Receivable..... | 666 68 | 892 64 |
| Traffic and Car Service Balances Receivable..... | 722,333 37 | 625,329 40 |
| Net Balance Receivable from Agents and Conductors..... | 574,051 34 | 490,073 70 |
| Miscellaneous Accounts Receivable..... | 1,812,021 74 | 1,483,128 31 |
| Material and Supplies..... | 3,072,205 67 | 3,975,607 65 |
| Interest and Dividends Receivable..... | 86,158 33 | 91,937 50 |
| Rents Receivable..... | 139,160 00 | 140,690 00 |
| Other Current Assets..... | 5,321 66 | 4,308 09 |
| <i>Total Current Assets</i> | \$10,059,468 43 | \$8,882,194 61 |
| DEFERRED ASSETS | | |
| Working Fund Advances..... | \$9,853 06 | \$9,452 63 |
| Insurance and Other Funds..... | 1,087,054 44 | 530,736 53 |
| Other Deferred Assets..... | 825,366 21 | 863,588 56 |
| <i>Total Deferred Assets</i> | \$1,922,273 71 | \$1,403,777 72 |
| UNADJUSTED DEBITS | | |
| Insurance Premiums Paid in Advance..... | \$53,269 55 | \$60,622 83 |
| Discount on Funded Debt..... | 2,780,092 96 | 2,960,129 60 |
| Other Unadjusted Debits..... | 1,314,726 00 | 2,025,961 32 |
| Securities Issued or Assumed — Unpledged..... | 741,000 00 | 5,311,000 00 |
| Securities Issued or Assumed — Pledged..... | 31,670,000 00 | 27,000,000 00 |
| <i>Total Unadjusted Debits</i> | \$36,559,088 51 | \$37,357,713 75 |
| <i>Grand Total</i> | \$314,242,831 90 | \$317,010,934 30 |

†Does not include improvements on property of affiliated companies nor on leased roads when leases provide for current settlement.

CONDENSED GENERAL BALANCE SHEET — Liabilities

| | Dec. 31, 1938 | Dec. 31, 1937 |
|---|------------------|-----------------------|
| CAPITAL STOCK | | |
| Common Stock — 395,051 Shares..... | \$39,505,100 00 | \$39,505,100 00 |
| Preferred Stock — 31,498 Shares..... | 3,149,800 00 | 3,149,800 00 |
| First Preferred Stock — 388,179 Shares..... | 38,817,900 00 | 38,817,900 00 |
| Prior Preference Stock (Includes Negotiable Receipts)..... | 23,138,500 00 | 23,138,500 00 |
| <i>Total Capital Stock</i> | \$104,611,300 00 | \$104,611,300 00 |
| Stock Liability for Conversion..... | 3,000 00 | 3,000 00 |
| Premiums on Capital Stock..... | 4,227,040 14 | 4,227,040 14 |
| <i>Total Capital Stock and Premiums</i> | \$108,841,340 14 | \$108,841,340 14 |
| Grants in aid of Construction..... | \$17,252 22 | \$17,252 22 |
| LONG TERM DEBT | | |
| Funded Debt Unmatured..... | \$146,324,500 00 | \$148,102,500 00 |
| Miscellaneous Obligations..... | 2,992,416 49 | 3,292,058 42 |
| <i>Total Long Term Debt</i> | \$149,316,916 49 | \$151,394,558 42 |
| CURRENT LIABILITIES | | |
| Loans and Bills Payable..... | \$15,063,834 81 | \$13,069,437 00 |
| Traffic and Car Service Balances Payable..... | 2,162,855 86 | 1,790,006 47 |
| Audited Accounts and Wages Payable..... | 4,949,731 89 | 2,218,501 31 |
| Miscellaneous Accounts Payable..... | 482,669 34 | 439,408 05 |
| Interest Matured Unpaid..... | 396,914 50 | 394,537 00 |
| Dividends Matured Unpaid..... | 12,972 31 | 13,734 06 |
| Funded Debt Matured Unpaid..... | 800 00 | 2,300 00 |
| Unmatured Interest Accrued..... | 1,357,310 72 | 1,342,109 26 |
| Unmatured Rents Accrued..... | 161,756 30 | 178,727 30 |
| Other Current Liabilities..... | 914 17 | 340 22 |
| <i>Total Current Liabilities</i> | \$24,589,759 90 | \$19,449,100 67 |
| DEFERRED LIABILITIES | | |
| Due to Leased Roads at Expiration of Leases..... | \$209,988 70 | \$209,988 70 |
| Other Deferred Liabilities..... | 34,790 97 | 125,152 72 |
| <i>Total Deferred Liabilities</i> | \$244,779 67 | \$335,141 42 |
| UNADJUSTED CREDITS | | |
| Tax Liability..... | \$939,639 09 | \$781,437 52 |
| Insurance and Casualty Reserves..... | 805,909 84 | 822,498 86 |
| Accrued Depreciation — Road..... | 196,872 61 | 192,383 65 |
| Accrued Depreciation — Equipment..... | 22,191,253 09 | 22,703,671 41 |
| Accrued Depreciation — Miscellaneous Physical Property..... | 668,654 68 | 634,345 83 |
| Other Unadjusted Credits..... | 1,228,822 40 | 593,677 88 |
| <i>Total Unadjusted Credits</i> | \$26,031,151 71 | \$25,728,015 15 |
| CORPORATE SURPLUS | | |
| Additions to Property through Income since June 30, 1907..... | \$2,431,791 72 | \$2,419,305 65 |
| Funded Debt Retired through Income and Surplus..... | 3,848,000 00 | 3,848,000 00 |
| Miscellaneous Fund Reserves..... | 377,883 05 | 745,980 05 |
| <i>Total Appropriated Surplus</i> | \$6,657,674 77 | \$7,013,285 70 |
| Profit and Loss — Balance..... | D 1,456,043 00 | 4,232,240 58 |
| <i>Total Corporate Surplus</i> | \$5,201,631 77 | \$11,245,526 28 |
| <i>Grand Total</i> | \$314,242,831 90 | \$317,010,934 30 |
| BONDS GUARANTEED | | |
| The St. Johnsbury and Lake Champlain R.R. Co. First Mortgage 5% Bonds due March 1, 1944..... | | \$1,328,000 00 |
| Concord & Claremont, N. H., R.R. First Mortgage 5% Bonds, due January 1, 1944..... | | 500,000 00 |
| The Peterborough and Hillsborough R.R. First Mortgage 4½% Bonds due July 1, 1941, owned by Boston and Maine Railroad..... | | 100,000 00 |
| | | \$1,928,000 00 |

D Indicates Debit Balance.

INCOME ACCOUNT

| | Year Ended Dec. 31, 1938 | Increase or Decrease | Per cent |
|--|-----------------------------|-------------------------|--------------|
| TRANSPORTATION REVENUE, | | | |
| Freight..... | \$27,612,164 20 | D \$4,626,507 32 | 14.35 |
| Passenger..... | 7,039,572 50 | D 462,114 91 | 6.16 |
| Excess Baggage..... | 8,188 47 | D 1,249 40 | 13.24 |
| Mail..... | 1,344,205 79 | D 117,099 39 | 8.01 |
| Express..... | 582,665 74 | D 233,365 98 | 28.60 |
| Other Passenger Train..... | 277,251 08 | D 35,036 10 | 11.22 |
| Milk..... | 1,086,913 27 | D 137,662 52 | 11.24 |
| Switching..... | 505,343 07 | D 81,727 33 | 13.92 |
| Water Transfers — Freight..... | 7,323 14 | 563 83 | 8.34 |
| <i>Total Transportation Revenue.....</i> | <i>\$38,463,627 26</i> | <i>D \$5,694,199 12</i> | <i>12.90</i> |
| INCIDENTAL REVENUE, | | | |
| Dining and Buffet..... | \$64,352 00 | D \$9,104 01 | 12.39 |
| Hotel and Restaurant..... | 4,427 35 | D 9,338 84 | 67.84 |
| Station and Train Privileges..... | 178,066 89 | 2,482 75 | 1.41 |
| Parcel Room..... | 15,446 73 | D 2,352 86 | 13.22 |
| Storage — Freight..... | 108,716 66 | D 5,058 95 | 4.45 |
| Storage — Baggage..... | 2,523 98 | D 100 10 | 3.81 |
| Demurrage..... | 122,986 53 | D 49,591 14 | 28.74 |
| Telegraph and Telephone..... | 16,006 60 | D 763 74 | 4.55 |
| Grain Elevator..... | 613 73 | D 78,102 50 | 99.22 |
| Power..... | 49,262 60 | D 3,260 75 | 6.21 |
| Rents of Buildings and Other Property..... | 547,042 85 | D 82,398 62 | 13.09 |
| Miscellaneous..... | 450,633 50 | D 228,426 21 | 33.64 |
| <i>Total Incidental Revenue.....</i> | <i>\$1,560,079 42</i> | <i>D \$466,014 97</i> | <i>23.00</i> |
| Joint Facility — Cr..... | \$171,676 92 | D \$18,149 57 | 9.56 |
| Joint Facility — Dr..... | 2,357 33 | 1,303 08 | 123.60 |
| <i>Total Joint Facility Operating Revenue.....</i> | <i>\$169,319 59</i> | <i>D \$19,452 65</i> | <i>10.30</i> |
| <i>Total Operating Revenues.....</i> | <i>\$40,193,026 27</i> | <i>D \$6,179,666 74</i> | <i>13.33</i> |
| OPERATING EXPENSES, | | | |
| Maintenance of Way and Structures..... | \$6,390,631 08 | \$202,519 08 | 3.27 |
| Maintenance of Equipment..... | 6,168,922 02 | D 1,069,685 54 | 14.78 |
| Traffic..... | 777,623 26 | D 25,465 03 | 3.17 |
| Transportation..... | 17,550,013 95 | D 717,756 53 | 3.93 |
| Miscellaneous Operations..... | 89,187 98 | D 115,605 50 | 56.45 |
| General..... | 1,783,546 86 | D 138,944 78 | 7.23 |
| Transportation for Investment — Cr..... | 5,091 13 | D 5,668 25 | 52.68 |
| <i>Total Operating Expenses.....</i> | <i>\$32,754,834 02</i> | <i>D \$1,859,270 10</i> | <i>5.37</i> |
| <i>Operating Ratio.....</i> | <i>(81.49%)</i> | <i>(6.84%)</i> | |
| <i>Net Operating Revenue.....</i> | <i>\$7,438,192 25</i> | <i>D \$4,320,396 64</i> | <i>36.74</i> |
| TAX ACCRUALS..... | \$3,708,285 22 | \$854,164 65 | 29.93 |
| <i>Operating Income (carried forward).....</i> | <i>\$3,729,907 03</i> | <i>D \$5,174,561 29</i> | <i>58.11</i> |

D Indicates decrease.

INCOME ACCOUNT — *Concluded*

| | Year Ended Dec. 31, 1938 | Increase or Decrease | Per cent |
|--|-----------------------------|-------------------------|-------------|
| <i>Operating Income (brought forward).....</i> | \$3,729,907 03 | D \$5,174,561 29 | 58.11 |
| Rent from Locomotives..... | \$8,736 03 | D \$12,545 30 | 58.95 |
| Rent from Passenger Train Cars..... | 279,031 00 | D 37,933 24 | 11.97 |
| Rent from Work Equipment..... | 23,175 81 | D 16,356 60 | 41.33 |
| Joint Facility Rent Income..... | 347,005 65 | D 6,457 27 | 1.83 |
| <i>Total Rent Income.....</i> | \$657,948 49 | D \$73,292 41 | 10.02 |
| Hire of Freight Cars — Debit Balance..... | \$2,203,284 89 | \$55,734 63 | 2.60 |
| Rent for Locomotives..... | 8,329 14 | D 801 43 | 8.78 |
| Rent for Passenger Train Cars..... | 422,756 03 | D 8,864 86 | 2.05 |
| Rent for Floating Equipment..... | 1,280 94 | D 2,430 36 | 65.49 |
| Rent for Work Equipment..... | 25,532 89 | 17,177 31 | 205.58 |
| Joint Facility Rents..... | 472,504 91 | D 13,966 13 | 2.87 |
| <i>Total Rents Payable.....</i> | \$3,133,688 80 | \$46,849 16 | 1.52 |
| <i>Net Rents Payable.....</i> | \$2,475,740 31 | \$120,141 57 | 5.10 |
| <i>Net Railway Operating Income.....</i> | \$1,254,166 72 | D \$5,294,702 86 | 80.85 |
| OTHER INCOME | | | |
| Income from Lease of Road and Equipment..... | \$327,505 00 | \$8,897 15 | 2.79 |
| Miscellaneous Rent Income..... | 325,343 71 | 10,074 04 | 3.20 |
| Miscellaneous Nonoperating Physical Property..... | 76,220 59 | 1,440 75 | 1.93 |
| Dividend Income..... | 62,072 50 | D 22,091 45 | 26.25 |
| Income from Funded Securities..... | 115,039 52 | D 5,992 79 | 4.95 |
| Income from Unfunded Securities and Accounts..... | 183,892 61 | D 41,178 00 | 18.30 |
| Income from Sinking and Other Reserve Funds..... | 54,788 35 | 27,594 60 | 101.47 |
| Miscellaneous Income..... | 32,392 53 | D 1,694 56 | 4.97 |
| <i>Total Other Income.....</i> | \$1,177,254 81 | D \$22,950 26 | 1.91 |
| <i>Total Income.....</i> | \$2,431,421 53 | D \$5,317,653 12 | 68.62 |
| MISCELLANEOUS DEDUCTIONS FROM INCOME, | | | |
| Miscellaneous Rents..... | \$10,722 33 | \$3,565 34 | 49.82 |
| Miscellaneous Tax Accruals..... | 16,188 00 | D 12,698 44 | 43.96 |
| Separately Operated Properties — Loss..... | 65,000 00 | 47,504 47 | 271.52 |
| Miscellaneous Income Charges..... | 10,582 97 | D 1,484 97 | 12.31 |
| <i>Total Miscellaneous Deductions.....</i> | \$102,493 30 | \$36,886 40 | 56.22 |
| <i>Income Available for Fixed Charges.....</i> | \$2,328,928 23 | D \$5,354,539 52 | 69.69 |
| FIXED CHARGES, | | | |
| Rent for Leased Roads..... | \$1,243,145 75 | D \$101 40 | 0.01 |
| Interest on Funded Debt..... | 5,444,303 96 | D 110,973 13 | 2.00 |
| Interest on Unfunded Debt..... | 626,226 39 | 61,123 32 | 10.82 |
| Amortization of Discount on Funded Debt..... | 114,878 64 | D 2,740 94 | 2.33 |
| <i>Total Fixed Charges.....</i> | \$7,428,554 74 | D \$52,692 15 | 0.70 |
| <i>Net Income (Deficit).....</i> | \$5,099,626 51 | D \$5,301,847 37 | — |
| Income Applied to Sinking and Other Reserve Funds..... | \$53,650 85 | \$23,241 26 | 76.43 |
| <i>Total Appropriations of Net Income.....</i> | \$53,650 85 | \$23,241 26 | 76.43 |
| <i>Balance Transferred to Profit and Loss (Deficit) ..</i> | \$5,153,277 36 | D \$5,325,088 63 | — |

D Indicates decrease.

OPERATING EXPENSES

| | Year Ended Dec. 31, 1938 | Increase or Decrease |
|--|-----------------------------|-------------------------|
| MAINTENANCE OF WAY AND STRUCTURES | | |
| Superintendence..... | \$441,297 14 | \$18,780 31 |
| Roadway Maintenance..... | 934,437 62 | 478,701 48 |
| Tunnels and Subways..... | 17,819 39 | 2,096 54 |
| Bridges, Trestles and Culverts..... | 483,019 24 | 290,655 74 |
| Ties..... | 436,261 78 | D 194,253 39 |
| Rails..... | 101,156 93 | D 179,066 08 |
| Other Track Material..... | 232,304 86 | D 120,252 36 |
| Ballast..... | 74,470 34 | D 12,387 33 |
| Track Laying and Surfacing..... | 1,578,993 54 | D 35,861 03 |
| Fences, Snowsheds and Signs..... | 29,803 23 | D 5,547 48 |
| Station and Office Buildings..... | 332,372 98 | D 27,426 86 |
| Station and Office Buildings — Depreciation..... | 4,488 96 | — |
| Roadway Buildings..... | 16,922 91 | D 3,326 97 |
| Water Stations..... | 44,011 25 | 2,727 90 |
| Fuel Stations..... | 26,115 26 | D 27 59 |
| Shops and Enginehouses..... | 216,651 00 | 18,336 89 |
| Grain Elevators..... | 11,535 34 | D 7,310 55 |
| Storage Warehouses..... | 483 91 | D 1,163 37 |
| Wharves and Docks..... | 42,533 48 | D 21,399 72 |
| Coal and Ore Wharves..... | 36,405 01 | 8,014 52 |
| Telegraph and Telephone Lines..... | 41,211 05 | 8,567 88 |
| Signals and Interlockers..... | 536,692 51 | D 48,483 06 |
| Power Plants..... | 1,673 54 | 490 62 |
| Power Transmission Systems..... | 33,823 55 | 1,969 12 |
| Miscellaneous Structures..... | 353 65 | D 206 26 |
| Roadway Machines..... | 53,298 53 | D 23,813 74 |
| Small Tools and Supplies..... | 78,417 90 | D 44,130 24 |
| Removing Snow, Ice and Sand..... | 320,678 91 | 198,278 46 |
| Public Improvements — Maintenance..... | 76,377 49 | D 82,795 13 |
| Injuries to Persons..... | 45,758 08 | D 2,899 00 |
| Insurance..... | 16,243 69 | D 6,127 74 |
| Stationery and Printing..... | 4,278 94 | D 2,298 43 |
| Other Expenses..... | 581 78 | 502 71 |
| Maintaining Joint Tracks, Yards and Other Facilities — Dr..... | 170,487 93 | D 14,210 66 |
| Maintaining Joint Tracks, Yards and Other Facilities — Cr..... | 50,330 64 | D 6,936 50 |
| Right of Way Expenses..... | — | D 552 60 |
| <i>Total Maintenance of Way and Structures.....</i> | <i>\$6,390,631 08</i> | <i>\$202,519 08</i> |
| MAINTENANCE OF EQUIPMENT | | |
| Superintendence..... | \$305,296 35 | D \$17,013 69 |
| Shop Machinery..... | 102,295 01 | D 62,750 24 |
| Power Plant Machinery..... | 27,287 59 | 224 87 |
| Steam Locomotives — Repairs..... | 2,324,942 06 | D 419,436 76 |
| Other Locomotives — Repairs..... | 69,197 23 | D 2,392 75 |
| Freight-Train Cars — Repairs..... | 789,555 50 | D 268,388 56 |
| Passenger-Train Cars — Repairs..... | 669,092 69 | D 215,912 56 |
| Work Equipment — Repairs..... | 138,691 99 | D 44,044 35 |
| Miscellaneous Equipment — Repairs..... | 10,504 89 | 253 86 |
| Equipment — Retirements..... | 43,288 80 | 3,016 50 |
| Equipment — Depreciation..... | 1,600,376 68 | D 5,917 34 |
| Injuries to Persons..... | 36,544 79 | 1,713 05 |
| Insurance..... | 7,021 18 | D 5,023 13 |
| Stationery and Printing..... | 4,493 13 | D 1,684 15 |
| Other Expenses..... | 1,057 30 | D 1,414 49 |
| Maintaining Joint Equipment at Terminals — Dr..... | 42,161 11 | D 31,561 45 |
| Maintaining Joint Equipment at Terminals — Cr..... | 2,884 28 | D 645 65 |
| <i>Total Maintenance of Equipment.....</i> | <i>\$6,168,922 02</i> | <i>D \$1,069,685 54</i> |

D Indicates decrease.

OPERATING EXPENSES — *Continued*

| | Year Ended Dec. 31, 1938 | Increase or Decrease |
|--|-----------------------------|-------------------------|
| TRAFFIC | | |
| Superintendence..... | \$296,115 13 | D \$11,746 21 |
| Outside Agencies..... | 266,082 51 | D 6,798 64 |
| Advertising..... | 129,408 25 | D 5,080 95 |
| Traffic Associations..... | 28,254 01 | D 77 42 |
| Industrial and Immigration Bureaus..... | 13,328 95 | D 70 53 |
| Insurance..... | 296 04 | D 55 85 |
| Stationery and Printing..... | 44,108 14 | D 1,872 12 |
| Other Expenses..... | 30 23 | D 16 07 |
| <i>Total Traffic</i> | \$777,623 26 | D \$25,465 03 |
| TRANSPORTATION | | |
| Superintendence..... | \$502,596 82 | \$10,516 89 |
| Dispatching Trains..... | 189,708 94 | 1,644 01 |
| Station Employees..... | 2,798,727 41 | D 285,269 37 |
| Weighing, Inspection and Demurrage Bureaus..... | 15,912 33 | D 2,627 70 |
| Coal and Ore Wharves..... | 65,351 78 | D 33,061 87 |
| Station Supplies and Expenses..... | 260,034 05 | D 27,266 75 |
| Yardmasters and Yard Clerks..... | 430,637 47 | D 10,180 26 |
| Yard Conductors and Brakemen..... | 894,376 43 | D 61,180 84 |
| Yard Switch and Signal Tenders..... | 171,655 50 | D 6,791 60 |
| Yard Enginemen..... | 465,469 52 | D 60,540 50 |
| Yard Motormen..... | 90,542 43 | D 31,275 53 |
| Yard Switching Fuel..... | 390,091 28 | D 53,248 89 |
| Water for Yard Locomotives..... | 15,741 90 | D 904 07 |
| Lubricants for Yard Locomotives..... | 12,076 39 | D 1,563 52 |
| Other Supplies for Yard Locomotives..... | 7,017 09 | D 950 71 |
| Enginehouse Expenses — Yard..... | 106,519 87 | D 2,466 43 |
| Yard Supplies and Expenses..... | 47,282 60 | D 3,787 27 |
| Operating Joint Yards and Terminals — <i>Dr.</i> | 976,494 93 | D 12,219 79 |
| Operating Joint Yards and Terminals — <i>Cr.</i> | 168,181 54 | D 12,868 86 |
| Train Enginemen..... | 1,764,736 40 | D 26,922 04 |
| Train Motormen..... | 88,434 96 | D 8,107 79 |
| Train Fuel..... | 2,653,269 17 | D 78,326 52 |
| Train Power Purchased..... | 101,289 79 | D 6,247 92 |
| Water for Train Locomotives..... | 121,447 69 | D 6,337 33 |
| Lubricants for Train Locomotives..... | 73,138 22 | D 1,870 90 |
| Other Supplies for Train Locomotives..... | 36,645 05 | D 6,011 94 |
| Enginehouse Expenses — Train..... | 628,043 08 | D 15,111 49 |
| Trainmen..... | 2,319,222 93 | D 10,945 98 |
| Train Supplies and Expenses..... | 772,097 96 | D 55,896 18 |
| Signal and Interlocker Operation..... | 458,021 14 | D 1,989 06 |
| Crossing Protection..... | 723,965 59 | D 24,111 11 |
| Drawbridge Operation..... | 27,134 49 | D 1,430 72 |
| Telegraph and Telephone Operation..... | 42,533 46 | D 633 12 |
| Operating Floating Equipment..... | 8,440 01 | D 884 88 |
| Stationery and Printing..... | 69,808 37 | D 16,589 58 |
| Other Expenses..... | 15,029 30 | D 2,643 56 |
| Operating Joint Tracks and Facilities — <i>Dr.</i> | 25,266 09 | D 74 45 |
| Operating Joint Tracks and Facilities — <i>Cr.</i> | 41,532 00 | D 265 27 |
| Insurance..... | 6,152 56 | D 2,386 23 |
| Clearing Wrecks..... | 28,500 82 | D 3,410 21 |
| Damage to Property..... | 13,156 84 | D 4,039 27 |
| Damage to Live Stock on Right-of-Way..... | 1,542 65 | D 194 83 |
| Loss and Damage — Freight..... | 207,351 89 | D 7,871 02 |
| Loss and Damage — Baggage..... | 2,162 74 | D 823 15 |
| Injuries to Persons..... | 132,099 55 | D 61,821 49 |
| <i>Total Transportation</i> | \$17,550,013 95 | D \$717,756 58 |

D Indicates decrease.

OPERATING EXPENSES — Concluded

| | Year Ended Dec. 31, 1938 | Increase or Decrease |
|---|-----------------------------|-------------------------|
| MISCELLANEOUS OPERATIONS | | |
| Dining and Buffet Service..... | \$86,613 74 | D \$14,875 81 |
| Hotel and Restaurants..... | 5,729 40 | D 9,250 26 |
| Grain Elevators..... | 3,316 66 | D 91,473 90 |
| Other Miscellaneous Operations..... | 161 40 | D 5 53 |
| <i>Total Miscellaneous Operations.....</i> | <i>\$89,187 98</i> | <i>D \$115,605 50</i> |
| GENERAL | | |
| Salaries and Expenses of General Officers..... | \$174,298 49 | D \$11,115 06 |
| Salaries and Expenses of Clerks and Attendants..... | 1,220,006 24 | D 18,416 43 |
| General Office Supplies and Expenses..... | 103,530 27 | D 1,044 24 |
| Law Expenses..... | 144,458 85 | D 4,323 97 |
| Insurance..... | 735 31 | D 14 38 |
| Pensions..... | 5,090 69 | D 101,017 41 |
| Stationery and Printing..... | 31,154 88 | D 14,766 39 |
| Valuation Expenses..... | 23,083 78 | D 4,460 54 |
| Other Expenses..... | 68,726 08 | 17,497 25 |
| General Joint Facilities — <i>Dr.</i> | 12,462 27 | D 989 91 |
| General Joint Facilities — <i>Cr.</i> | — | D 206 30 |
| <i>Total General.....</i> | <i>\$1,783,546 86</i> | <i>D \$138,944 78</i> |
| Transportation for Investment — <i>Cr.</i> | \$5,091 13 | D \$5,668 25 |
| <i>Total Operating Expenses.....</i> | <i>\$32,754,834 02</i> | <i>D \$1,859,270 10</i> |
| <i>Ratio to Total Operating Revenues.....</i> | <i>(81.49%)</i> | <i>(6.84%)</i> |

D Indicates decrease.

PROFIT AND LOSS ACCOUNT, DECEMBER 31, 1938

| Item | Dr. | Cr. |
|---|-----------------------|-----------------------|
| Balance, December 31, 1937 (Credit)..... | — | \$4,232,240 58 |
| Debit Balance from Income Account for year 1938..... | \$5,153,277 36 | — |
| Profit on Road and Equipment Sold..... | — | 108,897 67 |
| Adjustment Account Bonds Reacquired..... | — | 258,618 75 |
| Accounting Adjustment in Connection with Insurance Reserve..... | — | 478,233 35 |
| Miscellaneous Credits..... | — | 68,250 19 |
| Loss on Retired Road and Equipment..... | 1,286,149 71 | — |
| Miscellaneous Debits..... | 162,856 47 | — |
| Balance, December 31, 1938 — (Debit)..... | — | 1,456,043 00 |
| <i>Totals.....</i> | <i>\$6,602,283 54</i> | <i>\$6,602,283 54</i> |
| <i>Balance to next year's account (Debit).....</i> | <i>\$1,456,043 00</i> | <i>—</i> |

ADDITIONS AND BETTERMENTS

Year Ended December 31, 1938

| Road | Gross Expenditures | Net Capital Changes |
|--|-----------------------|------------------------|
| 1 Engineering..... | \$14,755 63 | \$37,622 20 |
| 2 Land for Transportation Purposes..... | 8,117 00 | 355,309 44 |
| 3 Grading..... | 147,286 74 | 127,185 87 |
| 6 Bridges, Trestles and Culverts..... | 176,582 74 | 87,041 76 |
| 8 Ties..... | 1,619 28 | 112,317 19 |
| 9 Rails..... | 4,507 39 | 157,234 90 |
| 10 Other Track Material..... | 36,506 42 | 85,540 29 |
| 11 Ballast..... | 1,066 28 | 53,247 43 |
| 12 Track Laying and Surfacing..... | 5,589 58 | 103,857 12 |
| 13 Fences, Snowsheds and Signs..... | 126 52 | 599 37 |
| 15 Crossings and Signs..... | — | 49,253 79 |
| 16 Station and Office Buildings..... | 22,107 83 | 222,724 26 |
| 17 Roadway Buildings..... | 779 80 | 32,478 67 |
| 18 Water Stations..... | 3,863 56 | 19,979 47 |
| 19 Fuel Stations..... | 1,776 47 | 7,662 78 |
| 20 Shops and Enginehouses..... | 2,370 00 | 40,280 51 |
| 23 Wharves and Docks..... | — | 16,625 00 |
| 26 Telegraph and Telephone Lines..... | 1,495 51 | 5,166 05 |
| 27 Signals and Interlockers..... | 21,352 78 | 97,999 63 |
| 31 Power-Transmission Systems..... | 8,070 46 | 3,253 37 |
| 37 Roadway Machines..... | 3,506 47 | 3,829 06 |
| 38 Roadway Small Tools..... | 50 01 | 56 68 |
| 39 Public Improvements—Construction..... | 98,752 33 | 95,433 49 |
| 44 Shop Machinery..... | 22,890 54 | 128,144 50 |
| 45 Power-Plant Machinery..... | 24,453 86 | 5,859 19 |
| | \$607,627 20 | \$1,229,380 28 |
| Equipment | | |
| 51 Steam Locomotives..... | \$24,276 36 | \$372,605 24 |
| 52 Other Locomotives..... | 281,268 83 | 277,402 83 |
| 53 Freight-Train Cars..... | — | 1,358,163 02 |
| 54 Passenger-Train Cars..... | 2,356 28 | 384,664 02 |
| 57 Work Equipment..... | 38,212 14 | 226,507 12 |
| 58 Miscellaneous Equipment..... | 7,635 31 | 3,885 51 |
| | \$353,748 92 | \$2,060,651 06 |
| General Expenditures | | |
| 76 Interest During Construction..... | — | \$135 29 |
| 77 Other Expenditures—General | — | 300 00 |
| | — | \$435 29 |
| <i>Totals.....</i> | \$961,376 12 | \$3,290,466 63 |

Summary

Credit:

| | | |
|-------------------------------------|-----------------------|-----------------------|
| Equipment Retired..... | \$2,414,399 98 | |
| Land Sold and Property Retired..... | 1,837,442 77 | |
| <i>Total Retirements.....</i> | \$4,251,842 75 | |
| <i>Gross Expenditures.....</i> | 961,376 12 | \$3,290,466 63 |

Distribution as follows:

| | | |
|-----------------------------------|----------------|-----------------------|
| Credited to Capital Accounts..... | \$3,321,204 58 | |
| Charged to Leased Roads..... | 30,737 95 | \$3,290,466 63 |

Italics indicate credit.

CAPITAL STOCK AND FUNDED DEBT OUTSTANDING DECEMBER 31, 1938 — OWNED ROAD

| CAPITAL STOCK | Amount Outstanding | Dividend Rate | Cumulative Dividends Unpaid Since Jan. 1, 1932.*Oct. 1, 1931 | Amount in Hands of the Public | Owned and Pledged as Collateral, Deposited with Trustee, or Held in Treasury** |
|---|-----------------------|------------------|---|----------------------------------|---|
| Prior Preference..... | \$23,133,100 00 | 7 % | † \$49.00 per share \$11,239,420 50 | \$22,936,000 00 | \$197,100 00 |
| Prior Preference Negotiable Receipts .. | 5,400 00 | | | 5,400 00 | |
| First Preferred, Class A..... | 18,860,000 00 | 5 % | * 36.25 per share 6,834,160 00 | 18,833,900 00 | 26,100 00 |
| " " B..... | 7,648,800 00 | 8 % | * 58.00 " 4,436,304 00 | 7,648,800 00 | |
| " " C..... | 7,917,100 00 | 7 % | * 50.75 " 4,014,477 25 | 7,908,700 00 | 8,400 00 |
| " " D..... | 4,327,000 00 | 10 % | * 72.50 " 3,136,455 00 | 4,323,900 00 | 3,100 00 |
| " " E..... | 65,000 00 | 4½ % | * 32.625 " 21,206 25 | 65,000 00 | |
| Preferred..... | 3,149,800 00 | 6 % | Non-cumulative | 3,149,800 00 | 32,300 00 |
| Common..... | 39,505,100 00 | | | 39,472,800 00 | |
| | \$104,611,300 00 | | | \$104,344,300 00 | \$267,000 00 |

FUNDED DEBT

| | Amount Outstanding | Date of Maturity | Rate | |
|--------------------------------|-----------------------|---------------------|------|--------------|
| General Mortgage Series Q..... | \$329,000 00 | Feb. 2, 1940 | 5 % | \$245,000 00 |
| " " R..... | 2,787,000 00 | May 1, 1940 | 5 % | 2,639,000 00 |
| " " S..... | 500,000 00 | Sept. 1, 1940 | 5 % | 500,000 00 |
| " " T..... | 6,641,000 00 | Sept. 1, 1941 | 5 % | 5,873,000 00 |
| " " U..... | 500,000 00 | Nov. 1, 1941 | 5 % | 500,000 00 |
| " " V..... | 1,968,000 00 | Mar. 1, 1942 | 5 % | 1,897,000 00 |
| " " W..... | 1,670,000 00 | Apr. 1, 1942 | 5 % | 1,649,000 00 |
| " " X..... | 184,000 00 | July 1, 1942 | 5 % | 182,000 00 |
| " " Y..... | 2,500,000 00 | Aug. 1, 1942 | 4 % | 2,156,000 00 |
| " " Z..... | 958,000 00 | Jan. 1, 1943 | 5 % | 958,000 00 |
| Series Y..... | 1,541,000 00 | May 1, 1943 | 5 % | 1,538,000 00 |
| Connecticut River..... | 1,000,000 00 | Sept. 1, 1943 | 4 % | 961,000 00 |
| " " AA..... | 6,000,000 00 | Jan. 1, 1944 | 4½ % | 5,560,000 00 |
| " " BB..... | 7,053,000 00 | Apr. 1, 1944 | 5 % | 6,097,000 00 |
| " " CC..... | 170,000 00 | Apr. 1, 1944 | 5 % | 170,000 00 |
| " " DD..... | 612,000 00 | Jan. 1, 1945 | 5 % | 612,000 00 |
| " " EE..... | 2,108,500 00 | June 1, 1945 | 5 % | 1,883,500 00 |
| " " FF..... | 507,000 00 | Jan. 1, 1946 | 5 % | 447,000 00 |
| " " GG..... | 804,000 00 | Jan. 1, 1947 | 5 % | 801,000 00 |
| " " NN..... | 375,000 00 | Apr. 1, 1947 | 5 % | 375,000 00 |
| " " " | 4,800,000 00 | July 1, 1949 | 3 % | 4,800,000 00 |
| " " " | 5,454,000 00 | July 1, 1950 | 3 % | 5,166,000 00 |
| | | | | 288,000 00 |

| | | | | | | | | | |
|---|----------------------------------|-------------------------------|------------------|------------|-------------|-------|---|------------------|-----------------|
| " | " | Series KK..... | 7,500,000 00 | Mar. | 1, 1952 | 5 | % | — | 7,500,000 00 |
| " | " | " II..... | 15,000,000 00 | May | 1, 1955 | 5 | % | 14,794,000 00 | 206,000 00 |
| " | " | " MM..... | 3,600,000 00 | Apr. | 1, 1956 | 5 | % | — | 3,600,000 00 |
| " | " | " JJ..... | 13,943,000 00 | Apr. | 1, 1961 | 4 3/4 | % | 13,868,000 00 | 75,000 00 |
| " | " | " LL..... | 17,500,000 00 | June | 1, 1962 | 6 | % | — | 17,500,000 00 |
| " | " | " AC..... | 30,942,000 00 | Sept. | 1, 1967 | 5 | % | 30,106,000 00 | 836,000 00 |
| <i>Total Mortgage Bonds.....</i> | | | \$136,946,500 00 | | | | | \$103,777,500 00 | \$33,169,000 00 |
| | | | | | | | | | |
| Equipment | Trust | No. 4 Trust Certificates..... | \$625,000 00 | Apr. | 1, 1939-43 | 4 1/2 | % | \$625,000 00 | |
| " | " | " 5..... | 684,000 00 | May | 1, 1939-44 | 5 | % | 684,000 00 | |
| " | " | " 6..... | 1,924,000 00 | June | 1, 1939-49 | 4 | % | 1,924,000 00 | |
| " | " | " 7..... | 1,770,000 00 | Dec. | 1, 1939-44 | 3 1/2 | % | 1,770,000 00 | |
| <i>Total Equipment Trust Obligations.....</i> | | | \$5,003,000 00 | | | | | \$5,003,000 00 | |
| | | | | | | | | | |
| Collateral Notes | Series A..... | | \$553,000 00 | Mar.-Sept. | 15, 1939-44 | 4 | % | \$553,000 00 | |
| " | " B..... | | 1,362,000 00 | Mar.-Sept. | 15, 1939-44 | 4 | % | 1,362,000 00 | |
| " | " C..... | | 860,000 00 | June-Dec. | 1, 1939-43 | 4 | % | 860,000 00 | |
| " | " D..... | | 1,600,000 00 | Apr. | 15, 1939-46 | 4 | % | 1,600,000 00 | |
| <i>Total Collateral Notes.....</i> | | | \$4,375,000 00 | | | | | \$4,375,000 00 | |
| | | | | | | | | | |
| Contract-Electro | Motive Corp..... | | \$11,445 60 | Sept. | 11, 1941 | 4 | % | \$11,445 60 | |
| " | Gen. Motors Acceptance Corp..... | | 103,266 05 | Sept. | 11, 1941 | 4 | % | 103,266 05 | |
| " | A. C. F. Motors..... | | 57,319 00 | July | 25, 1942 | 5 | % | 57,319 00 | |
| " | Yellow Mfg. Co..... | | 17,664 00 | Aug. | 13, 1942 | 5 | % | 17,664 00 | |
| " | Bethlehem Steel Corp..... | | 967,080 00 | Aug. | 15, 1942 | 4 | % | 967,080 00 | |
| " | Lima Loco. Works..... | | 336,666 64 | Jan. | 1, 1943 | 3 1/2 | % | 336,666 64 | |
| " | Baldwin Loco. Works..... | | 474,375 04 | May | 6, 1943 | 3 1/2 | % | 474,375 04 | |
| " | Pullman Standard Car Mfgs..... | | 642,013 30 | Sept. | 1, 1943 | 3 | % | 642,013 30 | |
| " | Gen. Motors Acceptance Corp..... | | 191,953 05 | Aug. | 1, 1946 | 4 | % | 191,953 05 | |
| New York State | E. G. C. Hoosick..... | | 48,250 84 | July | 19, 1982 | 4 | % | 48,250 84 | |
| " | " " Glenville..... | | 10,085 40 | Oct. | 5, 1983 | 4 | % | 10,085 40 | |
| " | " " Melrose..... | | 5,994 72 | July | 26, 1984 | 4 | % | 5,994 72 | |
| " | " " Pittstown..... | | 50,991 92 | Oct. | 17, 1984 | 4 | % | 50,991 92 | |
| " | " " Halfmoon..... | | 1,097 11 | Feb. | 15, 1987 | 4 | % | 1,097 11 | |
| " | " " Rotterdam..... | | 2,688 63 | Nov. | 8, 1987 | 4 | % | 2,688 63 | |
| " | " " Valley Falls..... | | 43,175 30 | Mar. | 24, 1988 | 4 | % | 43,175 30 | |
| " | " " Hoosick Falls..... | | 28,349 89 | Aug. | 3, 1988 | 4 | % | 28,349 89 | |
| <i>Total Miscellaneous Obligations</i> | | | \$2,992,416 49 | | | | | \$2,992,416 49 | |
| <i>Grand Total Funded Debt.....</i> | | | \$149,316,916 49 | | | | | \$116,147,916 49 | \$33,169,000 00 |

**No interest accrued.

CAPITAL STOCK AND FUNDED DEBT OUTSTANDING
DECEMBER 31, 1938
Leased Roads

| NAME OF ROAD AND DESCRIPTION | CAPITAL STOCK | |
|--|------------------------|-----------------------------------|
| | Amount Outstanding | Dividend Rate (Paid as rental) |
| Nashua and Lowell..... | \$800,000 00 | 9 % |
| Stony Brook..... | 300,000 00 | 7 % |
| Wilton..... | 240,000 00 | 8½ % |
| Peterborough..... | 385,000 00 | 4 % |
| Concord and Portsmouth..... | 350,000 00 | 7 % |
| Pemigewasset Valley..... | 541,500 00 | 6 % |
| Northern..... | 3,068,400 00 | 6 % |
| Vermont and Massachusetts..... | 3,193,000 00 | 6 % |
| Troy and Bennington..... | 150,800 00 | 10 % |
| Connecticut and Passumpsic Rivers — Preferred..... | 2,500,000 00 | 6 % |
| Massawippi Valley..... | 800,000 00 | 6 % |
| Vermont Valley..... | 1,000,000 00 | — |
| Sullivan County..... | 500,000 00 | — |
| Franklin & Tilton..... | 265,600 00 | — |
| Peterborough and Hillsborough..... | 45,000 00 | — |
| Newport & Richford..... | 350,000 00 | — |
| Concord & Claremont, N. H..... | 412,400 00 | — |
| <i>Total Capital Stock.....</i> | <i>\$14,901,700 00</i> | |

FUNDED DEBT

| | Bonds Outstanding | Date of Maturity | Rate |
|--|-----------------------|------------------|-------------|
| Peterborough and Hillsborough.....First Mortgage | \$100,000 00 | July 1, 1941 | 4½ % |
| Peterborough and Hillsborough.....Second Mortgage | 65,000 00 | Apr. 30, 1887 | No interest |
| Newport & Richford.....First Mortgage | 350,000 00 | Jan. 1, 1941 | 5 % |
| Connecticut and Passumpsic Rivers.....First Mortgage | 1,900,000 00 | Apr. 1, 1943 | 4 % |
| Concord & Claremont, N. H.....First Mortgage | 500,000 00 | Jan. 1, 1944 | 5 % |
| Vermont Valley.....First Mortgage | 1,500,000 00 | Oct. 1, 1940 | 4½ % |
| Sullivan County.....First Mortgage | 357,000 00 | Apr. 1, 1944 | 6 % |
| <i>Total Funded Debt.....</i> | <i>\$4,772,000 00</i> | | |

MILES OF ROAD OPERATED, DECEMBER 31, 1938

| STEAM ROADS | Owned | Leased | Total |
|----------------------------------|-----------------|---------------|-----------------|
| | | | |
| Main Lines..... | 850 49 | 244 02 | 1,094 51 |
| Branch Lines..... | 578 90 | 190 22 | 769 12 |
| Trackage Rights..... | — | 95 82 | 95 82 |
| <i>Total Road Operated.....</i> | <i>1,429 39</i> | <i>530 06</i> | <i>1,959 45</i> |
| Second Track..... | 446 18 | (A) 132 88 | 579 06 |
| Third Track..... | 4 40 | (B) 5 53 | 9 93 |
| Other Tracks..... | 1,034 62 | 195 23 | 1,229 85 |
| <i>Total Track Operated.....</i> | <i>2,914 59</i> | <i>863 70</i> | <i>3,778 29</i> |

A Includes trackage rights, 17.62 miles.

B Includes trackage rights, .99 mile.

OPERATING STATISTICS

| | Year Ended Dec. 31, 1938 | Increase or Decrease |
|---|-----------------------------|-------------------------|
| AVERAGE MILES OF ROAD OPERATED | | |
| Freight service..... | 1,939.24 | 3.28 |
| Passenger service..... | 1,551.26 | 9.47 |
| <i>Total.....</i> | <i>1,957.80</i> | <i>2.91</i> |
| TRAIN MILEAGE | | |
| Freight service (with locomotives)..... | 2,962,010 | 358,713 |
| Passenger service (with locomotives)..... | 6,087,306 | 247,072 |
| Passenger service (without locomotives)..... | 583,011 | 66,257 |
| Work service..... | 215,908 | 74,863 |
| <i>Total train miles.....</i> | <i>9,848,235</i> | <i>697,179</i> |
| *LOCOMOTIVE MILEAGE | | |
| Freight service..... | 3,562,368 | 449,003 |
| Passenger service..... | 6,400,436 | 255,361 |
| Train switching..... | 323,970 | 51,222 |
| Yard switching..... | 1,765,872 | 218,676 |
| Work service..... | 253,636 | 66,391 |
| <i>Total locomotive miles.....</i> | <i>12,306,282</i> | <i>907,871</i> |
| CAR MILEAGE | | |
| Freight-Train Car Miles: | | |
| Loaded..... | 99,901,254 | 17,597,197 |
| Empty..... | 45,396,164 | 4,313,769 |
| Caboose..... | 3,083,047 | 346,624 |
| <i>Total freight-train car miles.....</i> | <i>148,380,465</i> | <i>22,256,580</i> |
| Passenger-Train Car Miles: | | |
| Passenger coaches..... | 13,637,857 | 737,206 |
| Sleeping and parlor cars..... | 3,753,651 | 390,931 |
| Club, lounge, dining and observation cars..... | 228,281 | 1,134 |
| Business cars..... | 14,330 | 568 |
| Mail, express, and baggage cars, and combination cars other than passenger..... | 14,824,257 | 991,660 |
| Combination passenger cars (mail, express, or baggage with passenger)..... | 4,175,857 | 151,416 |
| <i>Total passenger-train car miles.....</i> | <i>36,634,233</i> | <i>2,322,915</i> |
| <i>Total transportation service car miles.....</i> | <i>185,014,698</i> | <i>24,579,495</i> |
| AVERAGES | | |
| Operating revenues per mile of road..... | \$20,529.69 | \$3,121.28 |
| Operating expenses per mile of road..... | 16,730.43 | 923.43 |
| Net railway operating income per mile of road..... | 640.60 | 2,699.45 |
| Operating revenues per train mile..... | \$4.17 | \$0.33 |
| Operating expenses per train mile..... | 3.40 | .04 |
| Net railway operating income per train mile..... | .13 | .51 |
| Total Freight cars per revenue train mile..... | 49.05 | 1.30 |
| Loaded Freight cars per revenue train mile..... | 33.73 | 1.65 |
| Empty Freight cars per revenue train mile..... | 15.32 | .35 |
| Total Passenger cars per train mile..... | 5.49 | .09 |

* Includes 240,561 Electric locomotive miles, 10,186 Tractor locomotive miles and 299,088 Diesel locomotive miles.
Italics indicate decrease.

TRAFFIC STATISTICS

| | Year Ended Dec. 31, 1938 | Increase or Decrease |
|--|-----------------------------|-------------------------|
| FREIGHT | | |
| Freight Revenue | \$27,612,164 | \$4,620,508 |
| Tons of revenue freight carried | 13,107,167 | 2,978,818 |
| Tons of company freight carried | 1,263,686 | 165,620 |
| <i>Total tons of freight carried</i> | <i>14,370,853</i> | <i>3,144,438</i> |
| Tons of revenue freight carried one mile | 1,941,727,367 | 337,268,781 |
| Tons of company freight carried one mile | 114,022,264 | 9,706,652 |
| <i>Total tons of freight carried one mile</i> | <i>2,055,749,631</i> | <i>346,975,433</i> |
| PASSENGER | | |
| Passenger Revenue: | | |
| Monthly commutation ticket passengers | \$631,168.60 | \$27,230.74 |
| All other commutation ticket passengers | 928,495.06 | 18,348.33 |
| Single fare ticket passengers (not including interline) | 3,393,778.78 | 222,612.65 |
| Interline ticket passengers | 2,086,130.06 | 193,423.19 |
| <i>Total passenger revenue</i> | <i>\$7,039,572.50</i> | <i>\$462,114.91</i> |
| Number of Passengers Carried: | | |
| Monthly commutation ticket passengers | 3,052,199 | 163,087 |
| All other commutation ticket passengers | 5,724,564 | 148,892 |
| Single fare ticket passengers (not including interline) | 7,044,231 | 641,676 |
| Interline ticket passengers | 978,708 | 154,393 |
| <i>Total number of passengers carried</i> | <i>16,799,702</i> | <i>1,108,048</i> |
| Number of Passengers carried one mile: | | |
| Monthly commutation ticket passengers | 69,082,563 | 2,475,825 |
| All other commutation ticket passengers | 52,449,088 | 1,201,239 |
| Single fare ticket passengers (not including interline) | 168,139,045 | 20,682,025 |
| Interline ticket passengers | 88,148,424 | 14,364,692 |
| <i>Total number of passengers carried one mile</i> | <i>377,819,120</i> | <i>38,703,781</i> |
| Number of passengers to and from Boston, including monthly ticket passengers | 15,097,352 | 795,657 |
| AVERAGES | | |
| Freight: | | |
| Miles hauled — revenue freight | 148.14 | 6.46 |
| Tons of revenue freight per train mile | 655.54 | 30.76 |
| Tons of revenue freight per loaded car mile | 19.44 | .04 |
| Revenue per ton of freight | \$2.10665 | \$1.10250 |
| Revenue per ton per mile | 1.422 | .007 |
| Revenue per revenue train mile | \$9.322 | \$3.86 |
| Freight revenue per loaded car mile | 27.639 | .201 |
| Passenger: | | |
| Average distance carried per passenger (miles) | 22.49 | .77 |
| Number of passengers per train mile | 56.64 | 3.00 |
| Number of passengers per car mile | 17.52 | .67 |
| Revenue per passenger | 41.90 | .01 |
| Revenue per passenger mile, monthly commutation ticket passengers | .914 | .006 |
| Revenue per passenger mile, other commutation ticket passengers | 1.770 | .004 |
| Revenue per passenger mile, single-fare not including interline | 2.018 | .103 |
| Revenue per passenger mile, interline passengers | 2.367 | .143 |
| Revenue per passenger mile, all passengers | 1.863 | .062 |
| Passenger revenue per passenger car mile | 32.640 | .123 |
| Total passenger service train revenue per train mile | \$1.550 | \$0.72 |

Italics indicate decrease.